

**MINUTES OF REGULAR MEETING  
OPEN SESSION  
June 23 and 24, 2009  
ILLINOIS GAMING BOARD  
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

On Tuesday, June 23, 2009 a Regular Meeting of the Illinois Gaming Board ("Board") was held on the 3<sup>rd</sup> floor at 160 N. LaSalle, Chicago, Illinois.

On Tuesday, June 23, 2009 at approximately 1:45 p.m. the following Board Members were present: Chairman Aaron Jaffe, Members Charles Gardner, Eugene Winkler, Joseph Moore and Jim Sullivan. At 1:45 p.m. on Tuesday June 23, 2009, Member Gardner called the meeting to order. Pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Gardner moved that **the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

1. **Pending Litigation and matters involving probable litigation;**
2. **Investigations concerning applicants and licensees;**
3. **Personnel matters;**
4. **Closed session minutes; and**
5. **Evidence and testimony presented in disciplinary hearings.**

Member Moore seconded the motion. The Board approved the motion unanimously by roll call vote.

On Wednesday, June 24, 2009 the meeting reconvened at 12:00 p.m. Present were the following Board Members: Chairman Aaron Jaffe, Members Charles Gardner, Eugene Winkler, James Sullivan and Joseph Moore.

The Board remained in Closed Session until approximately 12:45 p.m. The Board went into open session at 1:00 p.m. All members were present.

**APPROVAL OF MINUTES**

Member Gardner moved that **the Board approve the closed session minutes of its Regular Meeting of May 19 and 20, 2009.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

Member Gardner moved **that the board approve the open session minutes of its Regular Meeting of May 20, 2009.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

## **CHAIRMAN'S REPORT/COMMENTS –**

### **BOARD MEMBERS' COMMENTS –**

Member Winkler's comments:

The state of Illinois is in crisis. Every one in this room; virtually every person in Illinois—except for the members of the General Assembly—recognizes that we cannot continue with a nine billion dollar budget deficit, crumbling infrastructure, and, worst of all, proposed reductions in health care for seniors and children, education funding and reduction of staff in our state agencies. Thousands of people marched on the state capitol yesterday—apparently to no avail—to plead with the legislature to raise taxes, complete the budget, be responsible.

One way that our myopic legislators have decided to fund capital improvements is by legalizing video poker. The measure has been sent to our governor's desk, and he is under intense pressure by some very responsible citizens to veto the bill.

This state has restaurants, bars and veterans' clubs with liquor licenses. Fifteen thousand of them. Under the proposed bill, each of those licensees will be able to install up to five video poker games. The disaster that will result is monumental, overwhelming, and corrupt. First, consider what easily-available video poker games will do our self-exclusion program. One aspect of the work of the Gaming Board in cooperation with the Illinois Casino Gaming Association and other organizations is a comprehensive program to help addictive gamblers exclude themselves from casinos. We have one of the best such programs in the United States. The Self Exclusion Program will be scuttled by video poker. Any addictive gambler will be able to walk into a bar or VFW hall or American Legion post and gamble away her or his life. Nobody will be there to check an ID or say, Stop. Thousands of families and individuals will be wasted because of video poker.

Moreover, the work of this Board will increase a hundred fold. How do we regulate 45,000 video poker machines? Where do we get the staff in a time of budget cutbacks and mandated reductions from the governor's office? Think of the computer systems that will have to be installed to monitor the machines.

In addition to that, it has been widely reported in both the *Sun-Times* and the *Tribune* that organized crime currently controls video poker machines in Illinois. Not only does the Mob distribute the machines but it also controls the manufacture of them. Do we really think that organized crime is going to back away from one of its most lucrative enterprises?

My Dad used to tell about two characters in my home town of DeWitt, Arkansas. Billy Gan Spratlin and Sonny Boy Montgomery went into the hay hauling business. Billy Gan and Sonny Boy were not the brightest men of my generation in Arkansas County. They were buying hay for \$1.50 a bale and selling it for \$1.00 a bale. And they couldn't figure out why they were losing money. So, one day they got their heads together up on the square in DeWitt and figured and wrote down numbers on the back of an envelope and pondered what they could do to make a profit.

After much discussion and argument, Billy Gan and Sonny Boy came up with a solution. They would buy a bigger truck.

That, my friends, is a parable that speaks to the corruption, ineptitude and myopia of our state's leaders.

### **ADMINISTRATOR'S REPORT –**

Administrator Ostrowski stated that Empress Casino will reopen on June 25, 2009 at 9:30 a.m. It was previously mentioned that the July, 2009 Regular Board meeting would be held in East St. Louis at the Casino Queen; the meeting will be held in Chicago at the IGB offices.

### **OWNER LICENSEE ITEMS**

- Item for Initial Consideration –
  - Casino Queen – License Renewal – Presentation

Walk onto the floor of the Casino Queen, and you can feel the excitement, the energy, the fun at one of the pioneer gaming spots in the Midwest. Since it opened its doors in 1993, the Casino Queen has hosted 32 million customers...and as the slots spin...the dice tumble...and the cards flip...the gamers all hope for a big payoff.

But for East St. Louis officials, local businesses and the Queen employees, it's different. They've already hit the jackpot, thanks to the Casino Queen.

It wasn't always this way. By the 1990s, East St. Louis was down on its luck, with an unfortunate national reputation. Former Mayor Gordon Bush pushed for a gaming license and helped bring the Casino Queen to his hometown. He remembers what East St. Louis was like before the Casino Queen.

In dollar figures alone, the change has been nothing short of remarkable. By the end of 2008, the Casino Queen has paid more than 750 million dollars in state and city taxes. For East St. Louis, the windfall has literally been life saving. The city collected just under 11 million dollars in 2008 from the Casino Queen...money that helps keep police officers and firefighters on the job.

The Casino Queen also provides a direct boost to the local job market. It has a diverse loyal staff primarily made up of East St. Louis and St. Clair County residents. It all, 97 percent of the Queen's employees live in Illinois, and 50 percent of them are minorities. They enjoy wages and benefits above the market average. Felicia is one of the Queen's 832 employees, making the Queen the 2nd largest employer in East St. Louis.

Felicia is just one example of how the Queen loves to train, nurture, and promote its employees. Liz Bruns has been with the Casino Queen since day one. She started as a dealer...now she's the Director of Retail Services.

The Casino Queen provides all its employees with training on gaming regulations as part of its responsible gaming operation. They include:

- Operation Bet Smart
- Operation Straight ID
- And Project 21

Other programs include:

Workplace safety

- Workplace harassment
- Annual management and supervisory training

The Queen works for Illinois businesses too. Since 1993, the Queen has spent more than 185 million dollars with Illinois vendors, with a focus on local and minority owned firms. In 2008 alone, the Queen spent \$8.3 million with Illinois vendors.

The civic consciousness displayed by the Casino Queen is also evident in the local schools. The Queen provided the funding and partnered with the school district to implement a program called “Character Counts”...designed to reduce violence and bad behavior in and out of class.

A partner with area schools and businesses, the Casino Queen has also continuously provided a big boost to local charities. Through its Casino Queen Community Development Foundation, the Queen has contributed almost 9 million dollars to charitable organizations and programs. It's also been a prime mover in the Beautification of River Park Drive campaign, a project due to be completed by the end of the year. And just some of the organizations the Queen has partnered with include:

- The United Way
- Partners for Progress
- NAACP

The Casino Queen has also donated shuttles and vans in East St. Louis, held many food and clothing drives and participated in city clean-up efforts. But perhaps the big favorite is the Christmas with Santa program. Every year the Queen provides the toys for school children from pre-school through third grade.

The Casino Queen has also been a big player in helping to rebuild East St. Louis, providing loans and funds for many building projects.

The Casino Queen's reputation and drawing power reach far beyond the St. Louis Metro area. It's the number one tourist attraction in Southwestern Illinois, and half of the Queen's guests come from outside the state.

Those guests tend to like all kinds of games, and the Queen has a long winning record with both the St. Louis Cardinals and the St. Louis Blues.

From its birth in 1993, the growth of the Casino Queen has been steady and impressive. The original casino cruised on the mighty Mississippi River. Styled after a 19<sup>th</sup> century side wheel paddleboat, it's given way to a new gaming facility on dry land with 38 thousand square feet of gaming space. It's important to note that when the new facility went up in 2007, there was minority participation in all phases of the contract. Opened in 1998, the RV Park is the only full service RV park in the Metro area. It boasts 132 sites, and includes a full mini-mart on site.

In January 2000, the Casino Queen hotel opened, boasting seven floors and an unbeatable view across the Mississippi. The hotel has won numerous awards, including having the most comfortable rooms and best hotel amenities. In the past year, those rooms have undergone a complete renovation, with the seventh floor and lobby soon to follow.

Still more improvements are underway. Die hard fans will enjoy the new sports and entertainment lounge featuring historic Cardinals memorabilia. "Sevens" will be added to the casino at a cost of \$2.15 million. And worthy of note, it's been awarded to an Illinois minority vendor.

With all the progress come some new challenges, however. The faltering economy has impacted the Casino Queen like everyone else. In addition, the Smoke Free Illinois Act, increased competition for Missouri casinos and the elimination of loss limits in Missouri have placed the Queen at a competitive disadvantage. Even with this "perfect storm", the Casino Queen remains determined to host the most efficient gaming operation possible, and remain competitive in the St. Louis gaming market. Sixteen years after its initial voyage on the Mississippi, the Casino Queen remains a haven of fun and dreams, and a beacon of hope for customers, residents and businesses alike in East St. Louis.

The Chairman asked Jeff Watson, Assistant General Manager of the Casino Queen if there was any chance that the river front property would be developed by the City of East St. Louis, Illinois. Mr. Watson stated that at the present time there are presently no plans.

Member Moore asked about the minority spending, wondering if there are there any plans to improve the spending right now it stands less than 10%. Mr. Watson stated that the contractor hired for renovations is presently in agreement to hire minority contractors.

Member Gardner stated that Missouri has given up their gambling loss limits does this have any impact at Casino Queen. Mr. Watson stated that it definitely has had an impact on the "high rollers" from the Casino Queen as does the smoking ordinance that the State of Illinois passed in the earlier part of the year.

- Item for Final Action
  - MGM/Nevada Landing Partnership – Request to Issue a Subsidiary Guarantee Under 2 new Note Classes

Based on a review of staff's investigation and recommendation, Member Sullivan moved, **pursuant to section 230(d) of the Board's Adopted Rules, to approve**

**MGM's request for IGB approval of Nevada Landing Partnership as a Subsidiary Guarantor of the aggregate principal amount of \$650 Million of MGM's 10.375% Senior Secured Notes due in 2014 and \$850 million aggregate principal amount of its 11.25% Senior Secured Notes due 2017, which were sold by MGM in May, 2009 through private placement and delegate to the Administrator final approval of such transactions.** Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

- Tracinda Corporation – Request to Pledge Newly Acquired Shares of MGM

Pursuant to Section 235(d) of the Board's Adopted Rules, Member Sullivan moved to **approve Tracinda Corporation's request to pledge 14,285,714 additional MGM shares to Bank of America N.A., pursuant to the Pledge Agreement approved by the Illinois Gaming Board and the Administrator on June 24th and June 30, 2008 on condition that those additional pledged shares will not replace other Tracinda Corporation's assets that collateralize the \$600M Revolving Credit Facility with Bank of America, N.A.** Member Moore seconded the motion. The Board approved the motion unanimously by roll call vote.

- Casino Queen – Milton Singleton – Controller – Level One

Based on staff's investigation and recommendation, Member Moore moved that **the Board approve Milton Singleton as an Occupational Licensee Level 1 in the position of Controller at the Casino Queen in East St. Louis, Illinois.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

- Penn National – John Finamore, Senior V.P. of Regional Operations – Key Person

Based on a review of staff's investigation and recommendation, Member Moore moved that **the Board approve John Finamore as a Key Person for Penn National Gaming, Inc. in his position as Senior Vice President of Regional Operations.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

Member Moore asked Mr. Finamore how often he visits the properties and Mr. Finamore replied that he tries to visit each property quarterly.

Member Winkler commended Penn National for the way they handled the Empress fire and continuing to pay the employees of the Empress while the renovations were being completed.

- Casino Rock Island – John Rohr – Director of Security – Level One

Based on staff's investigation and recommendation, Member Winkler moved that **the Board approve John Rohr as an Occupational Licensee Level 1 in the position of Director of Security at Jumer's Casino & Hotel in Rock Island, Illinois.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

- Casino Rock Island – Michael Chapman – Pit Manager – Level One

Based on staff's investigation and recommendation, Member Winkler moved that **the Board approve Michael Chapman as an Occupational Licensee Level 1 in the position of Pit Manager at Jumer's Casino & Hotel in Rock Island, Illinois.** Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

### **SUPPLIER LICENSEE ITEMS**

- Bally Gaming – Michael Isaacs –Executive Vice President and Chief Operating Officer -Key Person

Based on a review of staff's investigation and recommendation, Member Gardner moved **that the Board approve Michael Isaacs as a Key Person for Bally Gaming in his position as Executive Vice President and Chief Operating Officer.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

### **OCCUPATIONAL LICENSES APPROVALS & DENIALS – LEVEL 2'S & 3'S**

Based on staff's investigation and recommendation, Member Sullivan moved that **the Board approve 24 applications for an Occupational License, Level 2, and 105 applications for an Occupational License, Level 3.**

Further, Member Sullivan moved **that the Board direct the Administrator to issue a Notice of Denial to the following individuals who received notice that staff intended to recommend denial and either did not respond or provide additional information to rebut the recommendation.**

1. **Helaine J. Weber;**
2. **John Jay Furry, and**
3. **Jeremy Phillippe.**

Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

## **PROPOSED COMPLAINTS AND DISCIPLINARY ACTIONS**

- Shirley G. Fuller – Occupational Licensee

Based on staff's investigation and recommendation, Member Moore moved that **the Board issue a Disciplinary Complaint against Shirley G. Fuller, an occupational licensee, for taking two TITO tickets worth \$85.**

Further, Member Moore moved that **the Board revoke Shirley G. Fuller's occupational license. Said action to take effect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

## **ADMINISTRATIVE HEARINGS/ALJ REPORTS –**

- In Re: The Disciplinary Action of Amanda Hughes DC-08-64

Pursuant to section 3000.1155 of the Adopted Rules, Member Moore moved for **the adoption and entry of a Final Board Order revoking the Occupational License held by Amanda Hughes and setting forth therein our bases for revocation.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

Respectfully submitted,

Mary C. Boruta  
Secretary to the Administrator